Aboriginal Affairs and Northern Development Canada
Affaires autochtones et Développement du Nord Canada

Aboriginal Affairs and Northern Development Canada

First Nation Infrastructure Fund

Activity Report (2007-2012)

Canada

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INTRODUCTION

The First Nation Infrastructure Fund (FNIF) was announced in Budget 2007 as part of Canada's Infrastructure Plan.

On October 2, 2007 the FNIF was officially launched. FNIF funding was pooled from three existing federal sources [Infrastructure Canada's Municipal Rural Infrastructure Fund (MRIF), the Gas Tax Fund (GTF) and the Capital Facilities and Maintenance Program (CFMP)] to invest $127 million over five years to streamline infrastructure projects on reserves south of the 60th parallel.

In June 2009, Aboriginal Affairs and Northern Development Canada accessed an additional $107.6 million to increase the total FNIF funding envelope to $234.9 million.

The following report provides an overview of AANDC's activities relating to FNIF expenditures between October 2007 and March 2012.

PROGRAM OVERVIEW

Background

In October 2007, as a result of the 2007 Federal Budget, Aboriginal Affairs and Northern Development Canada (AANDC) and Infrastructure Canada (INFC) entered into an agreement to invest $127.3 million over five years for on-reserve infrastructure projects.

The FNIF funding was pooled from three existing federal sources including Infrastructure Canada's Municipal Rural Infrastructure Fund (MRIF), the Gas Tax Fund (GTF) and AANDC's Capital Facilities and Maintenance Program (CFMP). The funds aim to address and streamline infrastructure projects on First Nation reserves south of the 60th parallel.

In June 2009, AANDC accessed an additional $107.6 million to increase the total FNIF contributions envelope to $234.9 million, connectivity was added to the existing suite of investment categories. FNIF is scheduled to sunset on March 31, 2013.

Objectives

Building on support from other existing infrastructure programs, the First Nations Infrastructure Fund (FNIF) was created to provide support to First Nation communities through an application process for access to funding.

FNIF was created to provide funding for project categories that were receiving little attention under the Capital Facilities and Maintenance Program (CFMP). Under CFMP, a national priority ranking system is applied that favours support for infrastructure that impacts health and safety. As a result, other important infrastructure projects, such as roads and bridges, tend to remain unfunded.

FNIF was designed to improve the environment and the quality of life of First Nation communities by improving and increasing the development of public infrastructure. To reach its objectives, FNIF provides funding in five project categories in the areas of Energy, Solid Waste, Planning & Skills Development, Roads & Bridges and Connectivity. Furthermore, in some of these categories FNIF funds could be complemented by First Nations own source revenues or used to leverage funds from other sources such as provincial agencies and the private sector.

FUNDING AND PROJECT SCOPE

The Department launched three calls for proposals in order to identify projects for investment. First Nations submitted project proposals which were considered by regional committees composed of representatives from AANDC, First Nations, municipal, provincial, private sector and other federal organizations.

In total, 1242 project proposals were received through the three calls, of which 408 have been funded between 2007-2012. An additional 26 projects are planned to be funded in 2012-2013 for a total of 434 projects.

The tables and graphs below showcase funding expenditures between 2007 and 2012 by category of project and by region.

Table 1: National Project Overview by Category (2007-2012)*

FNIF Category	Number of Projects	FNIF Investment 2007-2012
Connectivity	16	$31,576,345
Energy Systems	37	$9,471,005
Planning and Skills	143	$15,398,819
Roads & Bridges Development	135	$115,429,471
Solid Waste Management	77	$19,701,337
TOTAL	408	$191,576,977

* Figures for 2012-2013 not included.

The Connectivity for Aboriginal and Northern Communities in Canada map available on AANDC's website visually highlights the results of current Connectivity investments so that stakeholders understand 'at a glance' which communities are connected. Through FNIF, AANDC has provided funds to First Nations for the connection to nearby regional broadband networks and/or for regional rural broadband expansion projects. In many

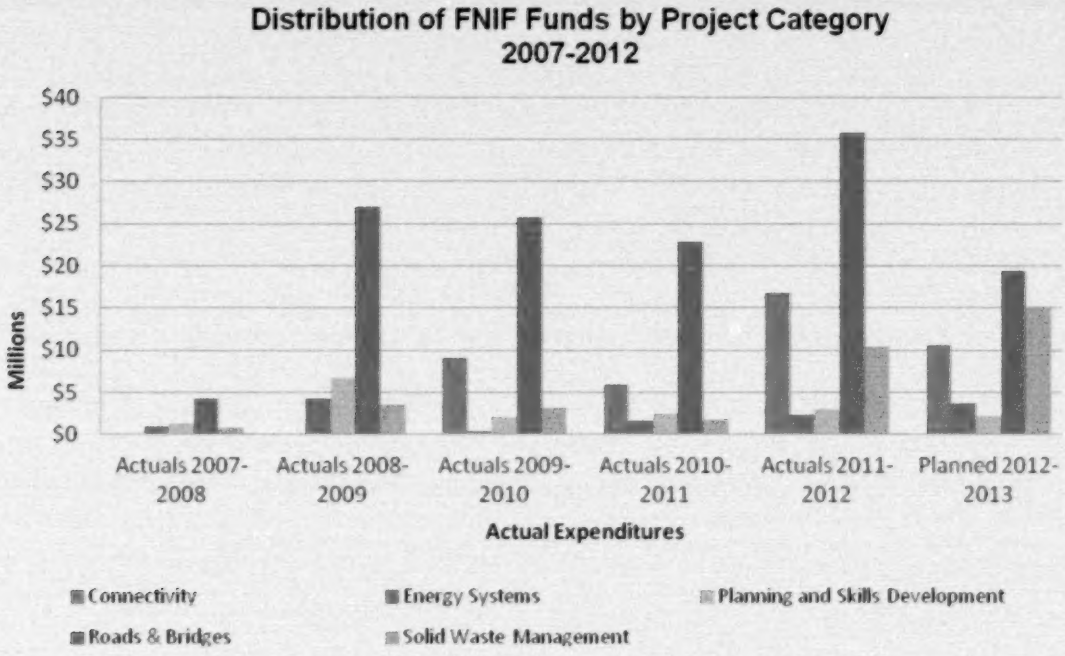
instances this has enhanced community's access to information and broadband technology.

Connectivity is a good example of where FNIF funds were able to leverage substantial investments from other sources. Between 2009 and 2012, AANDC has contributed over $31.5 million towards connectivity projects. However, due to the high cost associated with these projects, AANDC develops partnerships with other federal governments departments such as Industry Canada, provincial governments and private industry. While not all connectivity projects leveraged funds, below are examples of where AANDC has been successful. With an investment of $25 million AANDC has been able to leverage approximately $149 million in funding from partners.

Table 2: Examples of Funds Leveraged for Connectivity Projects (2009 to 2012)

Province	Project	FNIF Funding	Partner(s)	Funds Leveraged
Quebec	First Nation Education Council – Deploy fiber optic connectivity into remaining under connected FN communities.	$1.8 Million	Health Canada	$3.8 Million
Ontario	Nishnabee Aski Nation – Northern Ontario fiber project which will connect 26 First Nations	$ 5.8 Million	Health Canada Industry Canada Province of ON Bell Aliant	$3 Million $14 Million $32 Million $26.5 Million
Saskatchewan	Sasktel – To provide 26 First Nation communities access to high-speed internet and cellular telephone service	$ 8.8 Million	Sasktel	$8.7 Million
British Columbia	ANTCO – To provide, at minimum, consumer broadband and/or as many industrial broadband to 80 First Nation communities.	$4.9 Million	Health Canada Province of BC	$18.3 Million $23 Million
Various	14 various smaller scale connectivity projects	$3.9 Million	Various	$19.7 Million
TOTAL		**$25.2 Million**		**$149 Million**

These figures are not actual expenditures.



FNIF provided funding for 135 Roads & Bridges projects for a total expenditure of $115,429,471 which represents the highest investment category for FNIF between 2007 and 2012. The Connectivity category was only created in 2009; therefore there were no expenditures for that category before fiscal year 2009-2010.

Table 3: Regional Funding from 2007-2012

Region	FNIF Investment (2007-2012)
Atlantic	$7,686,442
Quebec	$23,275,208
Ontario	$36,395,597
Manitoba	$39,163,082
Saskatchewan	$35,037,600
Alberta	$23,469,596
British Columbia	$26,549,452
TOTAL	**$ 191,576,977**

The FNIF funding was divided among AANDC's seven regions (south of the 60th parallel) on a weighted per capita basis that considered population size and remoteness[1] of First Nation communities.

Table 4: Regional Project Distribution by Category 2007-2012

Region	Connectivity	Energy Systems	Planning and Skills Development	Roads & Bridges	Solid Waste Management
Atlantic	2	0	5	8	0
Quebec	4	2	1	18	17
Ontario	4	14	18	33	15
Manitoba	1	2	10	31	9
Saskatchewan	3	1	0	13	14
Alberta	1	4	17	14	6
British-Columbia	1	14	92	18	16
Total	**16**	**37**	**143**	**135**	**77**

In Atlantic, Quebec, Ontario and Manitoba projects were mainly approved in the Roads and Bridges category, while in British-Columbia most projects were in the category of Planning and Skills Development.

[1] Two components were factored into the remoteness calculations a) a zone index to adjust for the remoteness and isolation of a community's physical location and b) a city center index to adjust for the cost of local goods and services relative to those in Canada's major urban centres.

Table 5: Funding Expenditures by Region and Fiscal Year

Funding Allocations by Region by Fiscal Year						
Region	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**	**2011-2012**	**Total**
Atlantic	$147,000	$4,154,952	$0	$914,115	$2,470,375	$7,686,442
Quebec	$1,806,206	$4,794,038	$1,451,724	$2,554,206	$12,669,034	$23,275,208
Ontario	$986,307	$11,252,624	$6,527,605	$3,519,164	$14,109,897	$36,395,597
Manitoba	$2,237,875	$5,328,296	$10,309,411	$10,136,031	$11,151,469	$39,163,082
Saskatchewan	$0	$4,389,800	$14,112,500	$8,847,900	$7,687,400	$35,037,600
Alberta	$490,689	$3,118,771	$5,174,580	$5,104,014	$9,581,542	$23,469,596
British-Columbia	$1,474,523	$8,559,823	$2,605,360	$3,318,585	$10,591,161	$26,549,452
TOTAL	**$7,142,600**	**$41,598,304**	**$40,181,180**	**$34,394,015**	**$68,260,878**	**$191,576,977**

It is important to note that unforeseen delays and cost overruns can occur with respect to infrastructure projects. Any unforeseen delays or cost overruns that have occurred to date with respect to FNIF projects have either been addressed by the re-profiling of FNIF funds from year to year or by funds from Aboriginal Affairs and Northern Development Canada's Capital Facilities and Maintenance Program.

ELIGIBLE RECIPIENTS AND PROJECT SELECTION

Eligible FNIF recipients include:

- a First Nation government including a Band or Tribal Council or its agent (including its wholly owned corporation) on the condition that the First Nation has indicated support for the project and for the legally designated representative to act as an Applicant through a formal Band or Tribal Council resolution, or other documentation from Self-governing First Nations; and
- Innu communities where the applicant is on reserve or on Crown Land in the provinces;

Applicants who applied for funding under the FNIF were evaluated based on how their business cases met the objectives set out for the applicable Project Category. The proposed projects had to satisfy all mandatory screening criteria in order to be eligible for

funding. Projects that met the mandatory screening criteria were then measured against the selection criteria for the project category selected, in consideration of local needs and priorities[2].

Mandatory Screening Criteria

Projects had to be supported by a Band Council Resolution (BCR) or a Tribal Council Resolution (TCR) or other documentation from Self-governing First Nations; be consistent with a sound strategy and/or community plan for the respective category and be consistent with Canada's objectives with respect to sustainable growth, competitiveness, and climate change; be consistent with all applicable Federal and provincial regulatory obligations and standards; had to demonstrate principles of sound budgeting (based on well-documented needs, cost-effectiveness, demonstrating full costs and cost-sharing and that consulting fees and salaries are reasonable and justifiable, etc.); and the results (deliverables) had to be measurable and achievable.

The selection criteria measured each project application against FNIF eligible categories, which allowed for the recommendation and/or approval of small and large scale infrastructure projects. Priority was given to projects that had a regional impact by benefiting more than one First Nation community[3].

Calls for Proposals

The first call for proposals for project took place in December 2007 and the second in January 2008. Following these two intakes, $94.31 million of the $127.3 million available for projects under FNIF had been committed. Eligible unfunded projects from those intakes amounted to $178 million.

In 2009, FNIF was augmented by an additional $107.6 million, to increase the total FNIF contribution envelope to $234.9 million.

In October 2010 a third call for proposals was launched and resulted in the receipt of 551 project proposals, of which 179 were approved to be funded, using the remainder of the FNIF funding envelope. From this proposal intake, eligible unfunded projects amounted to $689 million.

[2] See annex A for category specifications

[3] That involved cost-sharing and/or a contribution by the First Nation community, which met respective regional priorities, and demonstrated the potential to partner with neighboring communities.

CONCLUSION

As of March 31, 2012, 304 projects funded by FNIF have been completed or have received their portion of the FNIF funding. It is expected that 434 projects will have been completed by March 31, 2013. The project highlights and activities for fiscal year 2012-2013 will be provided in a final report in the 2013-2014 fiscal year.

FNIF has been able to help support many First Nations in the development of much needed infrastructure projects that would have not otherwise been possible to undertake. The fund has fostered the creation of partnerships and for communities to work together to achieve common goals. A significant number of eligible projects were not funded due to the large intake of proposals and limits of the available funding.

As of March 31, 2013, the First Nation Infrastructure Fund (FNIF) program will have expended all current available Building Canada Fund (BCF) and Gas Tax Fund (GTF) funding. In December 2011, the Government of Canada passed legislation making GTF a permanent source of federal infrastructure funds available to Canadian municipalities and First Nations alike. It is anticipated that GTF funding will be renewed as early as 2014-2015. Details on the amount that will be available for First Nations and the eligible categories of expenditures have not been established.

ANNEX A

SELECTION CRITERIA BY PROJECT CATEGORY (2007/08 TO 2011/12)

Category 1: Planning and Skills Development

Objective

The objective of this category is to support investment in community planning and/or skills development projects that will support long-term sustainable community development of First Nation communities.

Subcategories

To fall within this category, a Project must be directly related to one of the following subcategories:

a. Comprehensive Community Planning
b. Capital/Infrastructure Planning
c. Training and awareness related to supporting community infrastructure

Selection Criteria

A Project will be ranked on how and to what extent it:

- Defines and specifies capacity gaps, and identifies how they are logically connected together;
- Clearly describes linkages to other initiatives related to community planning or capital/infrastructure planning and capacity building, and identifies potential or existing partnerships;
- Explains how First Nation community awareness, engagement, participation, consultation, and communication will be promoted;
- Proposes well planned and defined activities, logically sequenced, with realistic timelines;
- Considers and mitigates the short and long-term risks and impacts of the construction and use of infrastructure with respect to the environment;
- Uses best possible technologies, practices and approaches, including the use of innovative technology or processes;
- Levers other band, public and/or private sector funding;
- Demonstrates partnerships in the Project with applicable contiguous municipalities and provincial authorities;
- Responds to an urgent health or safety requirement; and
- Reduces or eliminates potential impacts or risks associated with disasters.

Additional Criteria for Comprehensive Community Planning Proposals

- Provides for a long-term commitment to planning and/or capacity building and specifies how capacity achieved through the project will be retained once it is developed;
- Takes a comprehensive approach to planning, including social, economic, environmental/land, cultural and governance aspects of a community; and
- Gives details as to how the planning process and community engagement will be administratively supported and maintained, and identifies the roles and responsibilities for individuals and/or teams/committees.

Category 2: Solid Waste Management

Objective

The objective of this category is to construct, restore and improve infrastructure that improves solid waste management and increases the recovery and use of recycled and organic materials, reduces per capita tonnage of solid waste sent to landfill, reduces environmental impacts and enhances energy recovery.

Subcategories

To fall within this category, a Project must be directly related to one of the following subcategories:

A. Waste Disposal Landfills;
B. Waste Diversion - Materials Recovery Facilities (Transfer Stations);
C. Organics Management;
D. Collection Depots;
E. Thermal Treatment; and,
F. Landfill gas recuperation

Selection Criteria

A Project will be ranked on how and to what extent it:

- Addresses the environmental impacts of current solid waste management practices and reduces environmental impacts and footprints, including reduction of per capita waste to disposal and/or increased percentage of per capita waste recycled or composted;
- Features closed-loop resource management (energy generated from solid waste, waste re-use, recycling and passive energy sources);
- Proposes well planned and defined activities, logically sequenced, with realistic timelines.

- Considers and mitigates the short and long-term risks and impacts of the construction and use of infrastructure with respect to the environment;
- Uses best possible technologies, practices and approaches, including the use of innovative technology or processes;
- Levers other band, public and/or private sector funding;
- Demonstrates partnerships in the Project with applicable contiguous municipalities and provincial authorities;
- In the case of a Project where the resulting infrastructure will serve a commercial operation, the Business Plan must provide for full cost recovery. If full cost recovery is not possible, the Business Plan must provide alternative strategies for recovery;
- Responds to an urgent health or safety requirement; and
- Reduces or eliminates potential impacts or risks associated with disasters.

Category 3: Roads and Bridges

Objective

The objective of this category is to construct, restore or improve public roads and bridges that will result in improved safety, support tourism and commerce, support social and economic development of local areas.

Subcategories

To fall within this category, a Project must be directly related to one of the following subcategories:

A. Local roads, arterial roads and bridges within local boundaries; and,
B. Roads and bridges projects which fall outside local boundaries but provide access to local communities. For this subcategory, the Applicant must demonstrate a partnership with the provincial or municipal jurisdiction where the road or bridge is located.

Selection Criteria

A Project will be ranked on how and to what extent it:

- Considers, improves and provides mitigation strategies for the impact the road investment will have on the local and surrounding roads infrastructure, transportation, and public safety and security;
- Improves access to business, employment and educational opportunities for local citizens;
- Proposes well planned and defined activities, logically sequenced, with realistic timelines.

- Considers and mitigates the short and long-term risks and impacts of the construction and use of infrastructure with respect to the environment;
- Uses best possible technologies, practices and approaches, including the use of innovative technology or processes;
- Levers other band, public and/or private sector funding;
- Demonstrates partnerships in the Project with applicable contiguous municipalities and provincial authorities;
- Responds to an urgent health or safety requirement; and
- Reduces or eliminates potential impacts or risks associated with disasters.

Category 4: Energy Systems

Objective

The objective of this category is to construct, restore or improve Local Band-owned Infrastructure that optimizes the use of energy sources (eg. in buildings and other installations), accesses provincially owned energy grids and reduces the GHG emissions and air contaminants arising from local sources.

Subcategories

To fall within this category, a Project must be directly related to one of the following subcategories:

A. Connecting First Nations communities to provincial or other power grids;
B. Retrofits of Local Band-owned buildings;
C. Energy Systems such as renewable energy, combined heat and power, cogeneration and direct energy; and,
D. Street Lighting.

Selection Criteria

A Project will be ranked in how and to what extent it:

- Reduces air pollution and/or GHG, with greater consideration for Projects with larger reductions, and taking into account the cost-effectiveness of the reductions per federal dollar provided and per capita;
- In the case of cogeneration and direct energy systems:
    - displaces high-GHG energy sources;
    - features the cost-competitive use of energy;
- In the case of buildings:

  - addresses the use of heating and cooling systems using renewable sources, such as ground-source heat pumps, high-efficiency / low-emission biomass combustion systems, solar walls, and solar hot water systems;
  - Increases comfort of occupants in buildings;

- Reduces community operation and maintenance burden associated with the infrastructure;
- Is supported by a local climate change plan;
- Increases energy efficiency, diversity and security, and considers the use of alternative sources of electricity, heating and cooling;
- Proposes well planned and defined activities, logically sequenced, with realistic timelines;
- Uses best possible technologies, practices and approaches, including the use of innovative technology or processes;
- Levers other band, public and/or private sector funding;
- Demonstrates partnerships in the Project with applicable contiguous municipalities and provincial authorities;
- Responds to an urgent health or safety requirement; and
- Reduces or eliminates potential impacts or risks associated with disasters.

Category 5: Connectivity Infrastructure Partnerships

Objective:

The objective of this category is to support under-connected First Nations to gain access to nearby regional broadband networks and/or nearby regional telecommunications rural broadband expansion projects in order to enhance community access to information and broadband technologies.

Subcategories:

To fall within this category, a project must be directly related to one of the following infrastructure subcategories:

A. High-speed backbone (transport) networks;
B. Broadband points of presence (PoPs);
C. Local access networks;
D. Community satellite equipment.

Selection Criteria:

A project will be ranked based on how and to that extent it:

- Captures a large regional cluster of highly under-served communities (in terms of connectivity); and partners and levers other regional federal, provincial government, nearby communities, private sector firms and band funding or connectivity investments;
- Demonstrates long term financial and operational sustainability;
- Demonstrates community commitment and support;
- Supports community public and private revenue creation;
- Supports remote electronic infrastructure monitoring and control;
- Engages local federal and provincial education, health, infrastructure and economic development stakeholders in long term e-service and program delivery;
- Anticipates and demonstrates local community technology support;
- Uses best, most appropriate and cost effective technology available;
- Responds to urgent health and safety requirements;
- Supports community emergency planning; and,
- Demonstrates consistency with existing government/industry strategies and initiatives in the province; and,
- Creates direct and indirect FN economic development opportunities.

NB: To assist in preparation and partnership development, each province (with sufficient evidence of regional FN leadership support) may apply for a comprehensive regional connectivity and partnership planning study.